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August 16, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations - BAR – An issuer requires relief from the requirement to include certain financial statements in a business acquisition report - The issuer acquired one or more holding companies that own 100% of the business that is a significant acquisition for the issuer; the holding companies functioned solely as holding companies with no material liabilities, business operations or other investments; the necessary information to prepare the required financial statements for the holding companies is unavailable; the business acquisition report will contain sufficient alternative information about the significant acquisition

Applicable British Columbia Provisions

National Instrument 51-102, ss. 8.4 and 13.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Ontario,
Quebec and Newfoundland and Labrador
(the “Jurisdictions”)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Rutter Inc. (the “Filer”)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of each of the Jurisdictions (the “Legislation”) that the Filer is exempt from the requirement in Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) to include the following financial statements in the business acquisition report (“BAR”) to be filed by the

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Filer in connection with the acquisition of the business of Hinz Automation Inc. (“HAI”) which was completed on June 6, 2007 (the “Acquisition”):

- (a) for each of Hinz Enterprises Inc. (“HEI”) and Hinz Automation Holdings Inc. (“HAHI”), audited financial statements for the year ended September 30, 2006;
- (b) for each of HEI and HAHI, financial statements for the year ended September 30, 2005;
- (c) for each of HEI and HAHI, interim financial statements for the six-month periods ended March 31, 2007 and 2006; and
- (d) for the Filer, the following pro forma financial statements after giving effect to the acquisition of the shares of each of HEI (“HEI Shares”) and HAHI (“HAHI Shares”):
 - (i) a pro forma balance sheet as at May 31, 2007,
 - (ii) a pro forma income statement for the nine-month period ended May 31, 2007,
 - (iii) a pro forma income statement for the year ended August 31, 2006, and
 - (iv) pro forma earnings per share based upon the pro forma income statements referred to in this paragraph (d),

(collectively, the “Requested Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are otherwise defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

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1. The Filer was incorporated under the *Canada Business Corporations Act* (Canada) on May 9, 2003.
2. The Filer's head office is located at 70 Brookfield Road, St. John's, Newfoundland and Labrador, A1E 3T9.
3. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of its obligations as a reporting issuer under the Legislation nor is it on the list of defaulting reporting issuers established under the Legislation by any Decision Maker.
4. The authorized capital of the Filer consists of an unlimited number of common shares (the "Common Shares") of which, as of August 9, 2007, 79,343,234 Common Shares were issued and outstanding.
5. The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "RUT".
6. The Filer's financial year end is August 31.
7. The Filer completed the Acquisition by acquiring all of the issued and outstanding shares of the two holding companies, HAHl and HEI, which together provided the Filer with a 100% indirect ownership of HAI through HAHl and HEI. The determination to complete the Acquisition by such share acquisitions was due to the pre-transaction existing structure and income tax considerations which dictated that the corporate structure be left intact until immediately following the closing of the Acquisition.
8. Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, HEI:
 - (a) owned approximately 40% of the issued and outstanding HAHl Shares, and various employees of HAI held the remaining issued and outstanding HAHl Shares;
 - (b) did not have any revenues other than share of earnings of HAHl and sundry items;
 - (c) did not have any assets other than the HAHl Shares, cash and taxes recoverable;
 - (d) did not have any expenses except those nominal expenses associated with general administrative matters of minimal significance;

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- (e) did not have any liabilities other than to related persons;
 - (f) did not conduct any operations or business; and
 - (g) functioned solely as a corporate holding company.
9. Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, HAHI:
- (a) owned 100% of the issued and outstanding HAI Shares;
 - (b) did not have any revenues other than share of earnings of HAI;
 - (c) did not have any assets other than the HAI Shares, cash, taxes recoverable and notes receivable due from HAI;
 - (d) did not have any expenses except those nominal expenses associated with general administrative matters of minimal significance;
 - (e) did not have any liabilities other than accounts payable;
 - (f) did not conduct any operations or business; and
 - (g) functioned solely as a corporate holding company.
10. The annual financial statements of HEI and HAHI have not been audited or reviewed by an auditor. Neither HEI nor HAHI has prepared interim financial statements.
11. Throughout the period commencing two years prior to the Acquisition and at the time of the Acquisition, HAI was the operating entity which, either directly or indirectly, conducted all of the business which was acquired by the Filer pursuant to the Acquisition.
12. Upon completion of the Acquisition, the Filer held 100% of the HEI Shares, 100% of the HAHI Shares (of which 40% were held indirectly through HEI), and 100% of the HAI Shares (all of which were held indirectly through HAHI).
13. Immediately following completion of the Acquisition, HEI, HAHI, HAI and Rutter Engineering & Automation Inc., a wholly-owned subsidiary of the Filer, completed certain corporate restructurings such that effective June 6,

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2007, all four companies were amalgamated into a single company, Rutter Engineering & Automation Inc., wholly owned by the Filer, which owns all of the assets and conducts all of the business previously owned and operated by each of HAI and the Filer. Consequently, HAI, HEI and HAHI ceased to exist on June 6, 2007.

14. The Acquisition constitutes a “significant acquisition” for the Filer for the purposes of NI 51-102 and therefore the Filer is required to file a BAR within 75 days after the date of the Acquisition, such date being August 20, 2007.
15. Pursuant to section 8.4 of NI 51-102, the Filer is required to include the following financial statements in the BAR:
 - (a) for each of HAI, HEI and HAHI, the audited financial statements for the year ended September 30, 2006;
 - (b) for each of HAI, HEI and HAHI, the financial statements for the year ended September 30, 2005;
 - (c) for each of HAI, HEI and HAHI, the financial statements for the six-month periods ended March 31, 2007 and 2006; and
 - (d) for the Filer, the following pro forma financial statements after giving effect to each of the Acquisition, the acquisition of the HEI Shares and the acquisition of the HAHI Shares:
 - (i) the balance sheet as at May 31, 2007;
 - (ii) the income statement for the nine-month period ended May 31, 2007;
 - (iii) the income statement for the year ended August 31, 2006; and
 - (iv) the earnings per share based upon the income statements referred to in this paragraph (d).
16. The financial statements of HAI and the Filer’s pro forma financial statements after giving effect to only the Acquisition, as referred to in paragraph 15 above, will provide investors with all necessary disclosure regarding the Filer and the Acquisition. The individual financial statements for HEI and HAHI and the Filer’s pro forma financial statements after giving effect to the acquisition of each of the HEI Shares and HAHI Shares, as referred to in paragraph 15 above, are not relevant for investors.

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Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make this decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the BAR includes the financial statements of HAI for the periods referenced in clauses (a), (b) and (c) of paragraph 15 above, and the pro forma financial statements of the Filer referenced in clause (d) of paragraph 15 above after giving effect to the Acquisition.

Lisa Enright
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Ontario Securities Commission